

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

SIX-DAY TO FIVE DAY STREET DELIVERY
AND RELATED SERVICE CHANGES, 2010

Docket No. N2010-1

NOTICE OF THE UNITED STATES POSTAL SERVICE
OF FILING LIBRARY REFERENCES USPS-LR-N2010-1/17 AND
USPS-LR-N2010-1/NP6
(July 1, 2010)

The Postal Service hereby gives notice of the filing of the material indicated below in this proceeding as Category 4 Library References:

USPS-LR-N2010-1/17	Redacted Electronic Diversion Materials Provided in Response to NALC/USPS-T2-32 and 33 (Public Version)
USPS-LR-N2010-1/NP6	Unredacted Electronic Diversion Materials Provided Under Seal in Response to NALC/USPS-T2-32 and 33 (Non-Pubic Version)

As indicated, this material relates to requests for information posed by NALC on June 9, 2010, in NALC/USPS-T2-32 and 33. The Postal Service has located certain potentially responsive material regarding prior research into electronic diversion of mail, but has identified a portion of that material as commercially-sensitive proprietary information that should not be released into the public domain. Therefore, such information has been redacted in Library Reference 17, the public version. In contrast, Library Reference NP6, filed under seal, contains the full, unredacted version of the same material. The exception involves a limited amount of information which was originally included within this material, but which remains the property of the entity who

provided it to the Postal Service. Since the Postal Service lacks permission to disclose that information, it is redacted in both versions. An application for non-public treatment of Library Reference NP6 is attached to this Notice. The relocation to outside of the Headquarter Building last week of the offices of the staff compiling this material necessarily delayed its preparation.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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July 1, 2010

ATTACHMENT 1

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,¹ the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed under seal with the Commission. The material sought to be protected consist of portions of market research conducted on behalf of the Postal Service regarding the electronic diversion of mail, filed in response to NALC/USPS-T2-32 and 33, redirected to the Postal Service. The unredacted version of this information is filed in a non-public library reference, USPS-LR-N2010-1/NP6, while a redacted version of the same information is filed as a public library reference, USPS-LR-N2010-1/17. Redacted in both versions, however, is a small amount of information originally included in these materials which does not belong to the Postal Service, but remains the property of the entity providing the material to the Postal Service.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The materials designated as non-public consist of information of a commercial nature that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).² Because the portions of the

¹ PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

² In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in

materials that the Postal Service is applying to file only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

None.

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

The materials in question are portions of two sets of market research conducted in the past regarding the electronic diversion of mail. One set of research was conducted by Forrester, and the other set is Mail Moment research. The research compares the value of mail by application (remittances, advertising, etc.) and by demographics (age, income and education) to the use of other media - ISP, internet advertiser, RSSer, financial institutions trying to get customers to switch to electronic payment, etc. The materials also contain proprietary and trade secret information reflecting how the Postal Service evaluates critical marketplace factors for its products, including competitive threats and marketplace conditions. The evaluation of critical marketplace factors retains current value, which is why it can not be filed publicly.

commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that “likely commercial injury” should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the redacted information were disclosed publicly, the Postal Service considers it eminently likely that it would suffer commercial harm. This information reflects how the Postal Service views its market and various types of its competitors. As such, the information is clearly commercially sensitive to the Postal Service and reflects insights learned over many years regarding the behavior of the complex delivery services market. Postal Service competitors could use this strategic information to compete more successfully against all postal products, those for which close substitutes in competitive markets available and those which compete only with more distant substitutes. The demographic information and the views of the value of mail are particularly sensitive. Disclosure of this information would enable a competitive media provider or remittance operator to target specific segments of the population to diversion.

If the information that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the information to analyze the Postal Service's possible market strengths and weaknesses and to focus sales and marketing efforts on those areas, to the detriment of the Postal Service. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the material filed non-publicly.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Identified harm: Public disclosure of information in Library Reference USPS-LR-N2010-1/NP6 would allow competitors to use Postal Service insight into the nature of the market for postal services and lure postal customers to other media.

Hypothetical: A competitor obtains a copy of the unredacted version of Library Reference USPS-LR-N2010-1/NP6. It observes how different parts of the postal market view different media. It uses that proprietary information to anticipate the Postal Service's plans with marketing campaigns, sales strategies, product realignment, and other commercial tactics. For example, the competitor might use this research to base a marketing campaign trying to convert customers to electronic media by targeting those customers by age, income, degree of technological savvy, and education. This undermines the Postal Service's own market plans and leads the Postal Service to lose customers that otherwise might have continued mailing.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the portions of the materials filed non-publicly and consisting of proprietary information should be withheld from persons involved in competitive decision-making in the relevant markets for alternative delivery products (including private sector integrators and foreign postal administrations), as well as their consultants and attorneys.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the

Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30. The Postal Service believes that the ten-year period of non-public treatment is sufficient to protect its interests with regard to the information covered by this application.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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